

Message Text

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ORIGIN EB-08

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FM SECSTATE WASHDC
TO AMEMBASSY TOKYO NIACT IMMEDIATE

C O N F I D E N T I A L STATE 075651

E.O. 11652:GDS

TAGS:EAIR, JA

SUBJECT: CIVAIR: US/JAPAN NEGOTIATIONS

REF: STATE 74703

FOR AMBASSADOR MANSFIELD FROM UNDER SECRETARY COOPER

SUMMARY: NEGOTIATIONS HAVE REACHED CRITICAL POINT. JAPANESE
INSIST THEY MUST REACH 3 YEAR AGREEMENT GRANTING THEM 3
NEW ROUTES. IN VIEW PRESIDENT CARTER'S ANNOUNCED COMMIT-
MENT TO COMPETITIVE AVIATION ENVIRONMENT, INCLUDING CHARTERS
AND LOW FARES, US MUST RECEIVE CERTAIN CRITICAL ELEMENTS IN
RETURN WHICH NECESSITATE BASIC GOJ SHIFT IN POLICY APPROACH
TO NEGOTIATIONS. SINCE TAKASHIMA DEPARTS WASHINGTON SATUR-
DAY AND GOJ WILL BE CONSIDERING NEW INSTRUCTIONS DURING
FRIDAY, REQUEST YOU APPROACH FOREIGN MINISTER OR, SECONDLY
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VICE FOREIGN MINISTER ASAP FRIDAY MORNING URGING IMMEDIATE
SHIFT IN JAPANESE APPROACH. END SUMMARY.

1. BACKGROUND: NEGOTIATIONS HAVE REACHED CRITICAL POINT.
DEPUTY FOREIGN MINISTER TAKASHIMA CONFIRMED ON MARCH 23
THAT GOJ MUST HAVE THREE YEAR AGREEMENT GRANTING NEW
RIGHTS TO SEATTLE, CHICAGO AND BEYOND NEW YORK TO BRAZIL.

HE ALSO STATED THAT JAPANESE ARE UNABLE TO ALLOCATE MORE THAN 4 SLOTS A DAY TO CHARTER OPERATIONS AND THAT THEY CANNOT OFFER US MORE THAN 15 PERCENT SHARE OF FUTURE GROWTH IN NARITA SLOTS FOR SCHEDULED SERVICES. HE ALSO STATED A PHASED-IN GRANTING OF ROUTE RIGHTS WOULD BE ACCEPTABLE.

2. WE ARE PREPARED TO NEGOTIATE 3 YEAR AGREEMENT GRANTING THREE NEW ROUTE RIGHTS BUT ONLY IF WE RECEIVE CERTAIN KEY ELEMENTS IN RETURN. THESE ARE: A. CHARTERS: AUTHORITY TO OPERATE VIABLE CHARTER PROGRAM WITH GROWTH OVER 3 YEAR PERIOD. THIS NECESSITATES LIBERAL CHARTER RULES AND GUARANTEES OF NECESSARY SLOTS AT NARITA. LIMIT OF 4 SLOTS A DAY IS NOT ECONOMICALLY OR OPERATIONALLY VIABLE. US WOULD FILE CHARTER PROGRAMS SIX MONTHS IN ADVANCE TO FACILITATE GOJ PLANNING. WE AGREE TO MAKE TECHNICAL STOPS AT HANEDA WHENEVER POSSIBLE TO EASE NARITA SLOT AND FUEL PROBLEM.

B. SCHEDULED OPERATIONS: OUR FAIR SHARE OF GROWTH OF NARITA SLOTS FOR SCHEDULED OPERATIONS (NB OUR CURRENT SHARE OF TOTAL IS 33 PERCENT), WITH GUARANTEE OF CERTAIN MINIMUM LEVELS EACH YEAR.

C. LOW FARES: A GENERAL STATEMENT ENDORSING LOW FARES AND AGREEMENT ON PENDING LOW FARE PROPOSALS OF PANAM AND CONFIDENTIAL

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NORTHWEST.

D. FIFTH FREEDOM: AGREEMENT THAT EXISTING US RIGHTS WILL BE HONORED SUCH AS FLYING TIGER CASE.

3. WE BELIEVE MAJOR PROBLEM IS THAT JAPANESE DELEGATION IS STILL NEGOTIATING WITHIN THE PARAMETERS LAID DOWN BEFORE THEY LEFT TOKYO; I.E. (A) THEY REGARD PRESENT AGREEMENT AS UNBALANCED AND ARE TRYING TO "CATCH UP" WHILE HOLDING US SIDE BACK AND (B) THEY REGARD CHARTERS AS SECOND-CLASS TO BE HANDLED WITHIN PRESENT SLOT ALLOCATION SYSTEM; I.E. SCHEDULED OPERATIONS GET PREFERENTIAL TREATMENT; CHARTERS GET THE FEW SLOTS LEFT.

4. IF JAPANESE DELEGATION CONTINUES TO OPERATE ONLY WITHIN THESE BOUNDS WE CANNOT GRANT THEM THREE ROUTES THEY SEEK.

5. JAPANESE DELEGATION IS PREPARED TO CONTINUE TALKS HERE NEXT WEEK. HOWEVER, SINCE DEPUTY FOREIGN MINISTER TAKASHIMA WILL BE LEAVING WASHINGTON SATURDAY AND SEEKING FINAL INSTRUCTION ON FRIDAY, REQUEST YOU APPROACH FOREIGN MINISTER SONODA OR IF UNAVAILABLE, VICE FOREIGN MINISTER ARITA

ASAP FRIDAY MORNING TO URGE IMMEDIATE SHIFT IN JAPANESE APPROACH.

6. FOLLOWING POINTS SHOULD BE MADE: (A) WE ARE PREPARED TO CLOSE PERCEIVED IMBALANCE BY GRANTING THREE NEW ROUTES BUT ONLY IF OUR OVERALL AVIATION RELATIONSHIP IS ENLARGED; (B) PRESIDENT CARTER IS PERSONALLY COMMITTED TO A COMPETITIVE AVIATION ENVIRONMENT, INCLUDING CHARTERS AND LOW AIR FARES, NOT ONLY GENERALLY BUT SPECIFICALLY ALSO WITH JAPAN; (C) URGE THAT GOJ IMMEDIATELY SHIFT ITS POLICY AND SLOT ALLOCATION SYSTEM SO AS TO GRANT CHARTERS SLOTS DRAWN FROM THE TOTAL NUMBER AVAILABLE TO ALL CARRIERS; (D) FOUR CRITICAL ELEMENTS (PARA 2 ABOVE) ARE REQUIRED FOR AGREEMENT; AND (E) ONLY ALTERNATIVE IS A PATCH-UP OF PRE-CONFIDENTIAL

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SENT DIFFICULTIES WHICH WOULD BE UNSATISFACTORY AS IT WOULD PROBABLY COME APART SHORTLY AND LEAD TO CONFRONTATION. VANCE

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